

Message Text

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73

ACTION ARA-10

INFO OCT-01 EUR-12 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 /113 W

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R 212000Z OCT 75

FM AMEMBASSY GEORGETOWN

TO SECSTATE WASHDC 1902

INFO AMEMBASSY BRIDGETOWN

AMEMBASSY KINGSTON

AMEMBASSY PORT OF SPAIN

USMISSION EC BRUSSELS

USDEL MTN GENEVA

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E.O. 11652: N/A

TAGS: ETRD, ECIN, EEC, XM, GY

SUBJECT: CARICOM MEETING DISCUSSES NEW COMMON EXTERNAL TARIFF
SCHEDULE AND ACP/EEC RELATIONS

REF: GEORGETOWN A-54 OF MAY 22, 1975

1. DURING WEEK OF OCTOBER 6, CARICOM OFFICIALS MET AT B
MINISTERIAL LEVEL TO HAMMER OUT NEW SINGLE-COLUMN COMMON EXTERNAL
TARIFF SCHEDULE WHICH WILL TAKE EFFECT JANUARY 1, 1976. ACCORDING
TO SECRETARIAT SOURCE, NEW TARIFF RATES, WHICH REPLACE EXISTING
GENERAL AND PREFERENTIAL RATES, WERE ARRIVED AT BY EMPLOYING
SEVERAL CRITERIA. REVENUE EFFECT WAS ONE FACTOR OBVIOUSLY OF
PRIME IMPORTANCE TO SOME MEMBERS, BUT SERIOUS CONSIDERATION WAS
GIVEN TO DIRECTION OF TRADE, PRICE MOVEMENTS AND COST OF LIVING
EFFECT. THIS PROCEDURE REQUIRED AN ITEM BY ITEM REVIEW OF EXISTING
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LIST. IN SOME CASES NEW RATE WILL BE EQUAL TO EXISTING GENERAL

ONE; OTHERS MAY EQUAL PREFERENTIAL; STILL OTHERS WILL REFLECT AVERAGE OF GENERAL AND PREFERENTIAL.

2. SOME MEMBERS EXPRESSED CONCERN OVER LOSS OF REVENUE IN CASE WHERE NEW SINGLE COLUMN RATE IS LOWER THAN MORE FREQUENTLY APPLIED GENERAL RATE. ACCORDING TO SOURCE, SOME PHASING INTO NEW RATE WILL BE PERMITTED. FOR EXAMPLE, ASSUME MEMBER STATE MAINTAINED GENERAL RATE OF TWENTY PERCENT AND PREFERENTIAL RATE OF TEN PERCENT FOR GOOD X, AND NEW SINGLE COLUMN RATE IS TEN PERCENT. MEMBER STATE, UPON DEMONSTRATING THAT IT WOULD INCUR SIGNIFICANT REVENUE LOSS BY GOING IMMEDIATELY TO TEN PERCENT LEVEL, WILL BE PERMITTED TO PHASE INTO NEW RATE GRADUALLY. MEMBERS OF COURSE, ALSO HAVE THE OPTION OF INCREASING DOMESTIC CONSUMPTION TAX, WHICH IN GUYANA'S CASE, AT LEAST, HAS A TARIFF EFFECT (SEE GEORGETOWN A-54 OF JUNE 7, 1974).

3. IT UNLIKELY THAT CARICOM PUBLICATION OF NEW SINGLE COLUMN SCHEDULE WILL BE AVAILABLE BY JANUARY 1, BUT IT QUITE LIKELY THAT EACH MEMBER STATE WILL PRODUCE ITS OWN SINGLE COLUMN LIST WITH MOST ADVANTAGEOUS (FROM REVENUE STANDPOINT) RATES EMPLOYED.

4. COMMENT: BELIEVE RECENT MEETING WAS AS DESCRIBED BY SOURCE, LARGELY TECHNICAL DISCUSSION OF REVISED CET, WITH LITTLE ELSE OF SUBSTANCE COVERED. AT CONCLUSION OF MEETINGS, HOWEVER, COUNCIL PROMULGATED RESOLUTION CRITICIZING EEC FOR MANNER IN WHICH IT PLANS TO DELIVER ECONOMIC AID TO PART IV COUNTRIES NON-INDEPENDENT STATES) UNDER LOME CONVENTION. BASIS FOR CRITICISM, FROM COMMONWEALTH CARIBBEAN POINT OF VIEW, IS EEC'S UNILATERAL APPROACH TO AID MATTER. EMBASSY POUCHING COPIES OF CARICOM RESOLUTION TO DEPT.
KREBS

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